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PSA since this drives me crazy A trade does not have an APY. When you sell an option, you collect premium. some % of the time the option will expire in the money or you will roll it at a loss. Those are realized losses. Not impermanent, just your money, gone af.

The premium the market charges for the option is compensation for statistically expected losses on thr negatively asymmetic option risk you have sold. If there is enough risk premium, then the premium will modestly exceed realized losses over long periods of time

For example, premium > e(losses) by 10% would be a very good outcome for short term, not "tail leveraged" option selling. (i'll come back to what i mean there)

So when some shitcoin option pumper or retail option guru is telling you the APY from selling strangles is 20%, for example, a very good case scenario would be that you are able to capture 2% over time, with a lot of risk

On the "tail leveraged" point- by selling a large amount of very far out of the money options, one can make it feel like the probability of loss is low, but this is compensated for by the cataclysmic size of the loss.

And remember on the latter that you will be blown out by margin calls in a big enough move, even if the risk event (say, natural gas above $15 at expiration) doesn't actually happen, if the market just starts to price it in with higher probability

So please ffs stop comparing "APY" or "yield" on derivatives to t-bills etc. And if you are a firm promoting this stuff, consider that SEC may take a close interest in you.